GINGEE N. RAMACHANDRAN): (a) Tax collection during the first six months of the current financial year has provisionally amounted to Rs. 77422 crores.

(b)Yes, Sir.

(c) Several exogenous factors such as instability of crude prices, natural disasters such as the Gujarat Earthquake, and slow growth in the economy, have affected the tax collections.

Transaction of Dollars by Banks

228. SHRI SANTOSH BAGRODIA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that only American Banks can carry out final transactions in Dollars and no Indian Bank can carry out dollar transaction without intermediation of an American Bank;

(b) if so, the reasons why only Indian Banks cannot be permitted to carry out final transaction in rupee;

(c) the reasons why foreign banks or foreign entities handling rupee funds or transacting rupee cannot be required to deposit equivalent Foreign Exchange in "NOSTRO ACCOUNT" in authorised Indian Banks; and

(d) the reasons why this foreign exchange remain in RBI reserve and banks get accommodation in rupee from RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Reserve Bank of India (RBI) has reported that all financial settlement of transactions in US Dollar have to be put through by banks based in USA and that banks in India open Dollar account which are known as Nostro account with banks in USA to facilitate these transactions. Transactions, denominated in US Dollar have to be settled in US Dollar only.

(c) RBI has reported that all foreign banks which are required to handle rupee based transaction have to maintain Vostro account with their Corresponding Banks in India and these Vostro accounts are funded by inward remittance of funds in foreign exchange from abroad.

(d) RBI has further reported that since 1993 there is no requirement on the part of any bank (Authorised Dealer) to surrender any foreign exchange

received from any corporates/customers or otherwise to RBI and they are free to off-load the foreign exchange received in the market at market determined rates.

Action against Krushi Bank's Management

229. SHRIMATI JAYAPRADA NAHATA: Will the Minister of FINANCE be pleased to state:

(a) whether Andhra Pradesh Government has complained over the RBI officials' failure to take prompt action against Krushi Co-operative Bank Management causing great financial loss to depositors;

(b) if so, the action taken to overcome the problem of control and responsibility over the functioning of co-operative banks; and

(c) the steps taken to protect the interests of depositors?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) No, Sir.

(b) Does not arise in view of (a) above.

(c) Government of Andhra Pradesh had requested Reserve Bank of India (RBI) for permission under Section 115B of the Andhra Pradesh Co-operative Societies Act, to take the Krushi Co-operative Bank into liquidation. Accordingly, a requisition was issued by RBI. Registrar, Co-operative Societies, Andhra Pradesh has ordered liquidation of the bank of 16th October, 2001 and a liquidator has since been appointed. The claims of the depositors will be settled as per Deposit Insurance and Credit Gurantee Corporation Act as and when received from the liquidator.

New approach towards Financial Institutions/Banks

230. SHRI NARENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that he has stated in the Economic Editors' Conference that Government would take a "hands on" approach to State-owned financial institutions/banks; and

(b) if so, how this approach would be different from the existing policy which has been followed so far and how this is going to bring any qualitative change in the functioning of such financial institutions, both from the point of view of profitability and accountability?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE